ISSN 2278-8808 SJIF 2014 = 4.889
An International Peer Reviewed & Referred
SCHOLARLY RESEARCH JOURNAL FOR INTERDISCIPLINARY STUDIES

ROLE OF IT IN FINANCIAL MARKET

Sumit Goklaney, Assistant professor in commerce Department of commerce, GGDSD College, Kheri Gurna

Abstract

Information a branch o science whose goal is to provide exchange of information and it also focuses on the electronic network development . In financial market all the transaction are performed over a network which are generally electronic networks. Also with the development of information Technology various tools are available for the assessment of various financial tasks, using those tools we can analyze our transaction, measure the risk for transactions, reduce the risk after analyzing hem beneficial results. This paper focuses on various tools and Techniques which are used as applications to various Financial activities from simple calculations to large group discussions & transfer of information over networks. So IT acting as an Administrator to the field of Finance

Index Terms: *- Information Exchange, Tools & Techniques, Risk Analysis, Risk Reduction, Administration.*

Introduction : Quite simply, the financial service industry could not provide the level of service it does without the support of advanced information processing and telecommunication technology .The numbers of checks (over 37 billion annually) credit card drafts (over 3.5 billion annually), and securities trades (Over 30 billion shares trade annually) would swamp any manual system that tried to handle them. In fact, during the 1960's trading days for the New York stock exchange were shortened because the broker/dealers were unable to handle the workload. Yet, even with all of its sophistication in the application of technology , the financial

service industry has not yet exhausted the potential thousands of items a minute, all other aspects of check processing are manually encoded with the amount by proof operations at the bank of first deposit or, in return for a reduced processing fee, at the retailer location. Return item processing remains a manual operation. Similarly, credit card drafts are manually encoded before processing, and the executives still processes millions of stock certificates manually. As the economics of the technologies continue to improve, market pressures to apply them more extensively increasing. They help and encourage further migration from paper- intensive implementation to electronic self- service and remote based banking.

Computer hardware systems: The providers of financial services have been among the leading users of medium to large scale processors, and only the very largest scientific computers have not yet been widely applied for the delivery of financial services. These large computer systems generally require dedicated facilities and support for an onsite team of information processing professionals. For all practical purpose, providers of financial services can buy computing power appropriate to their needs for a number o swell established manufactures. Further, because of the way computer manufactures design and enhance their product lines, organization are able to have reasonable expectations that they will be able to make the transition, as needed, to machines of greater capacity with a minimum of operational disruption. However, even with the decreased that has occurred in the costs of medium to large scale computer systems. They are still priced beyond the means of many of the smaller financial service organizations that could benefit from a having access to them but with evaluation in technology hardware cost will decrease with mass production.

Use of Software's: Although the cost of computer hardware will continue to decrease, the cost of computer software may not, or may not decrease as much. Software development remains a labour intensive activity it likely to remain so into the 1988 to 1993 time frame. However more widespread use of software packages will lower costs of individual users. There are three basic classes of software- system software, support software, and applications software. *System software* controls the minute to minute operations of the computer by allocating resources and scheduling tasks. *Support software* is typically used for such functions as controlling a communications network, monitoring transaction processing, managing the data base environment, or furnishing tools intended to improve the productivity of programmers and, in

some cases, end-users, *Applications software* directly interfaces with the end- user and is designed to carry out functions unique to the particular situation.

Telecommunications technologies: Number of alternative Telecommunications technologies from which suppliers and users of financial services are able to choose, the most common is the switched telephone network. But, both providers and users of financial services also construct and use of variety of alternatives, which include such diverse technologies as private microware link, satellite transponders, video cable, public packet switched network, leased lines and local area networks. The divestiture of the operating telephone companies by American Telephone & telegraph (AT &T) in 1984 substantially changes the communication environment in which providers and users of financial services operate. Both local and long-distance telephone rates are likely to change. Competition from non-Bell suppliers of t Telecommunications services and equipment is already significant and is likely to increase in magnitude and kid in light the divestiture. Those who enter markets as providers of equipment and services are likely to intensify competition further. Both suppliers and users of financial services directly to customer premises become more widely deployed, the dependency will increase. Securities markets, car and check authorization of systems, and as systems to deliver financial services directly dependent on Telecommunications services, and as systems to deliver financial services directly to customer premises becomes more widely deployed the dependency equally great. The premium placed on timely financial information is increasing, and the only way to meet this requirement is through the application of communication technologies. Changes in the technologies of communication will directly affect the design of systems for delivery financial services, the cost schedules facing both users and providers of financial services, and, hence the structure of the financial service industry.

System security and integrity: Traditionally, banks have been characterized by large metal doors and imposing vaults and massive and complex locking mechanisms. Financial service provider's stress and safety of assets in attracting customers, and customer trust is a keystone of the financial service industry. Increasing use of Telecommunication and information processing technologies in conjunction with financial services raised two areas of concern that relate to the basic soundness of the financial service e industry; system security and system integrity. System security deals with the problem of those who would attack the system from the outside,, including those who work with the system but would attempt to invoke operations they are not

authorized to perform system integrity addresses the problem without lost of date in the event of failure.

System security: As demonstrated by the young people in Milwaukee in 14983, it is not difficult for individuals with minimal equipment and training to penetrate some computer systems which contain sensitive information. In the Milwaukee caper, one of the computers compromised, using a common home computer and telephone line, belongs to a major west coast bank. Other instances of penetration of computers used by providers of financial services are on record; an some experts believe that only a relatively small portion of the security breaches that occur are detected, and fewer are reported outside of the victim organization historically, embezzlers from within and check forgers and confidence artists from without have threatened the financial service industry. Computers, particularly those accessible through telecommunication networks, add new dimensions to the vulnerabilities of – financial service providers. In a high-technology environment, the asses of an organization and the proprietary information which it bases its business operations are subject to remote access theft. Attacks on financial institutions through their own procession systems can directly victimize those institutions clients theft who the burden of detecting the crime, reporting it to the organization holding the account, and recovering the lost assets could shift from the institution to the account holder. When the thief's body is information rather than financial assets, neither the specific individual nor the institution affected may ever become aware of the fact that system has been penetrated. Threats to a system can materialize both from within and outside the target organization. Employees throughout an organization can individually or in concert attempt to compromise a system. Technical personnel can modify operational programs or write new ones to perform improper operations. Similar, nontechnical personnel can seek to perform operations not authorized to them or misuse powers with which they are entrusted.

Card technologies: The embossed plastic card with a strip of magnetic tape embedded in the back has become almost ubiquitous. This device provides the primary means for accessing credit and debit services that are delivered through both paper based and electronic systems. Commonly, the card is presented at the point of sale, and an impression is taken on a paper document that in then processed. Most often, the consumer is making use of a credit service and is billed by the credit provider. Today, embossed plastic cards are also used to originate debt transactions that the processed over the some network as credit transactions.

Document and currency readers: The cost of processing billions of papers items is becoming prohibitive for an industry losing some of its principal sources of revenue, the and pressure to find lower cost processing alternatives in intense. Reading of checks encoded with magnetic ink has been commonplace for over a decade and credit card vouchers are generally transferred to magnetic tape for processing. However, aside from some limited applications such as making change, financial document reader are in very limited use in the united states. One of the major suppliers of ATMs has announced a model that will accept and time stamp individual checks and time stamp individual checks. It will also be able to dispense currency and coin in any amount. Models that accept and count currency are already in use. Thus, the technology to provide deposit verification by the ATM is just over the horizon and is likely to increase the utility of these machines substantially. Systems that process credit and debit card transactions already truncate the paper flow at the earliest practical time. Instead of moving paper, the data are recorded on magnetic media and transferred electronically for processing by the card issuer. Documents and coded so that they can be retrieved if necessary. Moreover, credit unions and savings and loan associations generally do not return drafts on NOW accounts to the account holder, also truncating paper flow. However, with relatively few exceptions, commercial banks still return canceled checks with monthly statements, and attempts to stop this practice at least for individual account have met with considerable resistance.

References

*Effects of information Technology on Financial Services system (*Washington, D.C. U.S. Congress, Office of Technology Assessment, OTA-CTT-202, September (1984)

Web resources

www.wikipedia.com

www.google.com